THE FOREST INDUSTRY SNAPSHOT:

Ministry of Forests, Lands and Natural Resource Operations

June 2011

A Selection of Monthly Economic Statistics

BRITISH COLUMBIA
The Best Place on Earth

Points of interest:

China Forest Products Trade Value up 31% in 2011 Q1

According to the statistics from China Customs, China forest products import and export value has reached US$26.7 billion in 2011 Q1, up 30.7% from 2010 Q1.

In 2011 Q1, China's import volume of logs increased 26.8% from 2010 Q1, with Russia being the largest supplier (37.3%), Canada accounted for 5.0% of the total. China's import volume of lumber increased 56.1% from 2010 Q1, with Canada being the largest supplier (32.4%).

In terms of exports, wood furniture is still the largest category of China's forest products exports. Plywood, lumber and other wood products also showed big increases in both export volume and value. (*source: Wood Markets China Bulletin*).

Softer U.S. House Prices

Despite indications that housing sales or other economic measures may have hit a bottom in 2010, **home prices are stuck on a downward path**, according to the U.S. Federal Housing Finance Agency's seasonally adjusted purchase-only house price index. The fall in the first quarter this year alone was 2.5%, largest of any quarter since the fourth quarter of 2008.

The markets which had gained the most in the boom a few years ago reflected the sharpest drops from 2006 to 2010. Prices in Nevada declined 56%, with Arizona down 46%, and California and Florida down 45%. Prices gained on average in three states, including Alaska, West Virginia, and North Dakota. (*source: Random Lengths Yard stick*)

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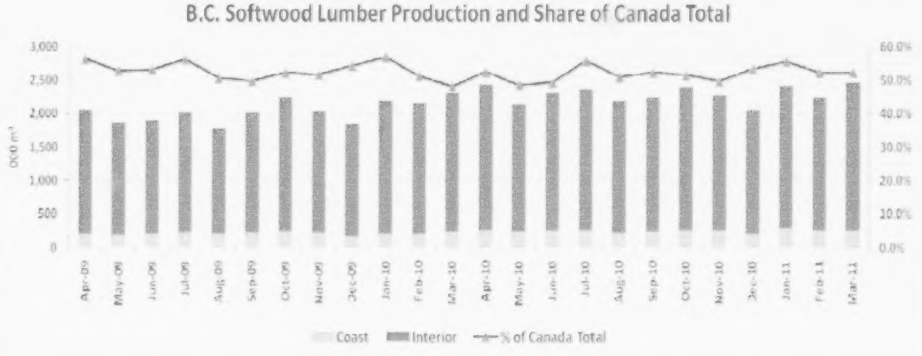
SOFTWOOD LUMBER MARKET



Data sources: Madison's, US Census Bureau and Statistics Canada. * privately-owned housing starts, seasonally adjusted annual rate (SAAR).

- **U.S. privately-owned housing starts** in May were at a seasonally adjusted annual rate of 560,000. This is 3.5% above the revised April rate, but is 3.4% below the May 2010 rate. **Sales of new homes** in the U.S. were at a seasonally adjusted annual rate of 323,000 in April 2011, up 7.3% M/M and down 23.1% Y/Y. The **Housing Affordability Index** was at U.S.$184,900 in April 2011, down 1.5% M/M and up 8.5% Y/Y (*from U.S. Census Bureau*).
- **SPF 2x4 price** further decreased 13.7% M/M to $214 (US$222) in May 2011, mainly due to over supply and weak U.S. demand. The Canadian dollar strengthened to $0.9680 per US$ in May 2011, from 1.0399 ($/US$) one year ago.
- In March 2011, **B.C. softwood lumber production** totalled 2.47 million m³, up 10.2% M/M and up 9.6% Y/Y. 89.2% of the production was from the Interior.
- In April 2011, **B.C. softwood lumber exports value** totalled $316 million, up 2.0% Y/Y. **B.C. softwood lumber exports volume** totalled 1.79 million m³, down 0.2% Y/Y. The top three destinations for softwood lumber exports in April 2011 were: U.S. (value: 43.9%; volume: 52.2%), China (value: 27.6%; volume: 27.8%) and Japan (value: 15.5%; volume: 10.8%).

Common Abbreviations:
**$** - Canadian dollars unless noted as U.S.$
M/M - % change from the previous to current month
Y/Y - % change from the same month in the previous year to the current year
YTD - year to date
China - refers to China, including Hong Kong

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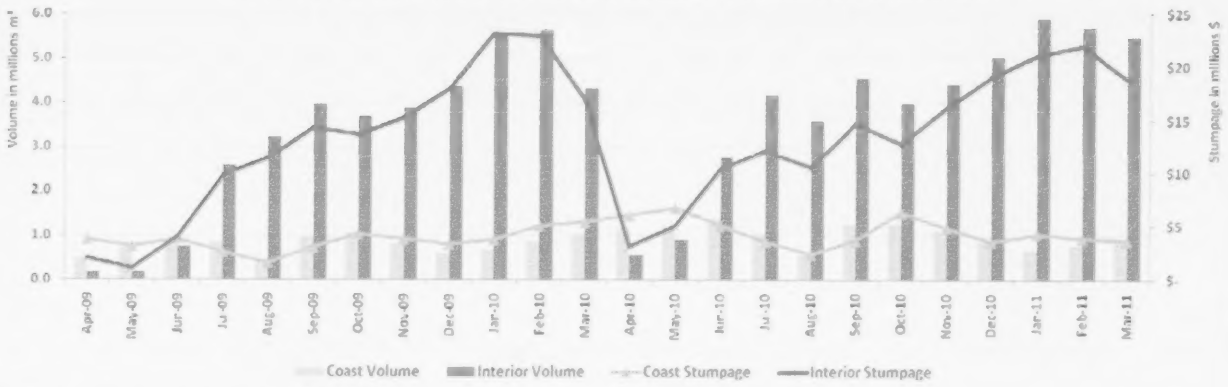
HARVESTING

B.C. Crown Land Monthly Harvest Volume* and Stumpage Revenue



Data source: Harvest Billing System of Ministry of Forests, Lands and Natural Resource Operations.

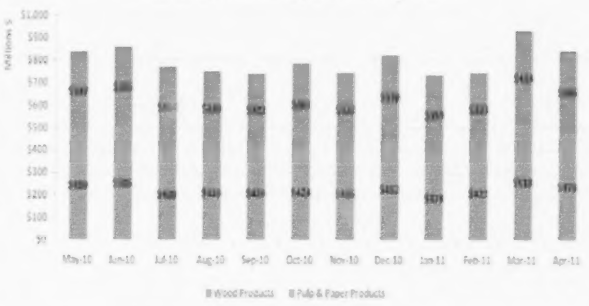
**Based on scale dates, all logs (BCTS & Major), special forest products, species and grades billed to Crown land excluding waste, reject and Christmas trees. Data in recent months is subject to change.*

COAST **harvest volume** for all land (including Crown, private and federal) totalled 1.39 million m³ in March 2011, down 2.8% Y/Y. Crown land harvest volume totalled 0.90 million m³, down 12.3% Y/Y. **Stumpage revenue** collected was $3.66 million in March 2011, down 33.0% Y/Y.

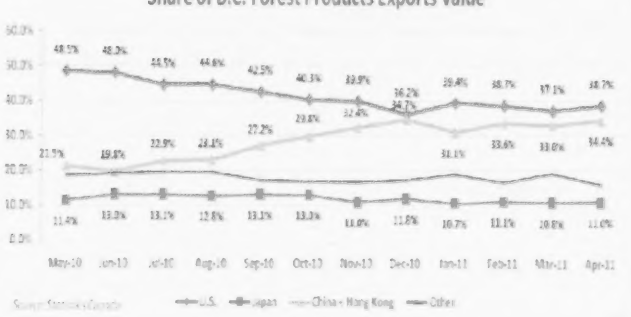
INTERIOR **harvest volume** for all land (including Crown, private and federal) totalled 5.54 million m³ in March 2011, up 24.4% Y/Y. Crown land harvest volume totalled 5.48 million m³, up 26.3% Y/Y. **Stumpage revenue** collected was $18.84 million in March 2011, up 11.2% Y/Y.

EXPORTS

B.C. Forest Products Exports Value by Sector



Share of B.C. Forest Products Exports Value



B.C. forest product exports totalled $844 million in April 2011, down 9.4% M/M, up 9.0% Y/Y, and up 15.4% YTD from 2010:

- **Wood products exports** totalled $478 million in April, down 7.7% M/M, up 6.7% Y/Y, and up 14.5% YTD from 2010; and
- **Pulp & paper products exports** totalled $366 million in April, down 11.5% M/M, up 12.3% Y/Y, and up 16.4% YTD from 2010.
- **Exports value shares by product** in April 2011: Softwood Lumber (37.4%), Logs (5.6%), Other Wood Products (13.6%), Pulp (33.6%), and Other Pulp & Paper Products (9.8%).

In April 2011, the **destination market** with the largest share of B.C. forest product exports value was the U.S. at 38.7%, while China accounted for 34.4%, Japan accounted for 11.8% and other destinations accounted for 15.9%.

- **Exports to U.S.** totalled $326 million, down 5.7% M/M, down 18.9% Y/Y and down 10.7% YTD from 2010.
- **Exports to China** totalled $291 million, down 5.4% M/M, up 104.2% Y/Y and up 99.4% YTD from 2010.
- **Exports to Japan** totalled $134 million, down 7.7% M/M, down 1.7% Y/Y and up 0.5% YTD from 2010.

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DATA SUMMARY

Monthly Economic Statistics - June 2011

	Latest Month		Month Ago	M/M Change	Year Ago	Y/Y Change	Current YTD	Previous YTD	YTD/YTD* Change
Lumber Prices *(US$/000 bd ft)*									
SPF 2x4	*May 11*	**$222**	$258	-14.3%	$277	-20.0%	$289	$277	4.5%
Random Lengths Lumber Composite	*May 11*	**$259**	$275	-5.7%	$333	-22.1%	$292	$309	-5.6%
SPF 2x10	*May 11*	**$261**	$301	-13.5%	$320	-18.6%	$326	$342	-4.5%
SPF Stud	*May 11*	**$231**	$260	-11.1%	$296	-21.9%	$273	$288	-5.3%
Cedar 2x4	*May 11*	**$630**	$638	-1.3%	$650	-3.1%	$647	$650	-0.5%
Hemlock Squares	*May 11*	**$815**	$810	0.6%	$790	3.2%	$793	$780	1.6%
Panel Prices *(US$/000 sq ft)*									
Plywood	*May 11*	**$295**	$312	-5.5%	$375	-21.3%	$310	$329	-5.8%
OSB	*May 11*	**$195**	$199	-2.0%	$405	-51.9%	$204	$259	-21.5%
Pulp & Paper Prices *(US$/tonne)*									
NBSK Pulp	*May 11*	**$1,010**	$991	1.9%	$946	6.8%	$963	$860	12.0%
Newsprint (U.S. Eastcoast)	*May 11*	**$625**	$626	-0.2%	$570	9.6%	$627	$538	16.5%
$/US$ Exchange Rate	*May 11*	**0.9680**	0.9582	1.0%	1.0399	-6.9%	0.9791	1.0320	-5.1%
Housing Starts *(000 units)*									
U.S. (Seasonally Adjusted Annual Rates)	*May 11*	**560**	541	3.5%	580	-3.4%	572	633	-9.6%
Canada	*May 11*	**184**	179	2.7%	198	-7.0%	178	199	-10.7%
Japan (Wood-based)	*Apr 11*	**35**	35	-0.4%	34	2.5%	140	135	3.6%
B.C. Lumber Production *(000 m^3)*	*Mar 11*	**2,468**	2,239	10.2%	2,251	9.6%	7,118	6,588	8.0%
Coast	*Mar 11*	**265**	255	4.0%	247	7.5%	806	647	24.7%
Interior	*Mar 11*	**2,202**	1,984	11.0%	2,069	6.5%	6,311	6,019	4.9%
B.C. Market Pulp Shipments *(000 tonne)*	*Apr 11*	**366**	434	-15.7%	375	-2.4%	1,529	1,387	10.2%
B.C. Forest Products Exports *(million $)*	*Apr 11*	**$844**	$932	-9.4%	$774	9.0%	$3,257	$2,823	15.4%
Wood Products	*Apr 11*	**$478**	$518	-7.7%	$448	6.7%	$1,796	$1,568	14.5%
Pulp & Paper products	*Apr 11*	**$366**	$414	-11.5%	$326	12.3%	$1,462	$1,256	16.4%
Shares of B.C. Forest Products Exports Value *(%)*									
U.S.	*Apr 11*	**38.7%**	37.1%	4.1%	52.0%	-25.6%	38.4%	49.6%	-22.6%
China + Hong Kong	*Apr 11*	**34.4%**	33.0%	4.5%	18.4%	87.3%	33.1%	19.1%	72.8%
Japan	*Apr 11*	**11.0%**	10.8%	1.9%	12.2%	-9.8%	10.9%	12.5%	-12.9%
Other	*Apr 11*	**15.9%**	19.2%	-16.8%	17.5%	-8.8%	17.7%	18.8%	-6.0%
Market Shares of U.S. Lumber Consumption *(%)*									
B.C.	*Mar 11*	**14.3%**	13.8%	3.2%	17.0%	-16.2%	13.8%	16.9%	-18.1%
Rest of Canada	*Mar 11*	**11.7%**	11.5%	1.7%	11.6%	0.8%	11.5%	10.4%	10.4%
U.S.	*Mar 11*	**74.0%**	74.6%	-0.9%	71.3%	3.7%	74.6%	72.7%	2.7%
3rd Country	*Mar 11*	**1.3%**	0.9%	40.2%	1.2%	7.4%	1.3%	1.3%	-2.7%
B.C. Crown Land Scaled Volume** *(000 m^3)*	*Mar 11*	**6,382**	6,438	-0.9%	5,369	18.9%	19,358	18,068	7.1%
Coast	*Mar 11*	**904**	755	19.7%	1,031	-12.3%	2,320	2,541	-8.7%
Interior	*Mar 11*	**5,478**	5,683	-3.6%	4,337	26.3%	17,038	15,527	9.7%
B.C. Stumpage *(million $)*	*Mar 11*	**$22.5**	$25.8	-12.9%	$22.4	0.5%	$73.7	$77.2	-4.5%
Coast	*Mar 11*	**$3.7**	$3.9	-5.2%	$5.5	-33.0%	$11.8	$14.2	-17.0%
Interior	*Mar 11*	**$18.8**	$22.0	-14.3%	$16.9	11.3%	$61.9	$63.0	-1.7%
B.C. Forestry Employment (LFS) *(000 jobs)*	*May 11*	**55.3**	52.6	5.1%	60.0	-7.8%	53.6	55.3	-3.0%
Forestry & Logging	*May 11*	**13.9**	11.6	19.8%	18.9	26.5%	11.8	16.8	-30.2%
Wood Products	*May 11*	**32.5**	31.5	3.2%	28.3	14.8%	31.9	28.3	12.7%
Paper Products	*May 11*	**8.9**	9.5	-6.3%	12.8	-30.5%	9.9	10.1	-2.0%
B.C. Log Exports									
Volume (*000 m^3*)	*Apr 11*	**437**	490	-10.6%	293	49.1%	1,798	1,106	62.5%
Value (*million $*)	*Apr 11*	**$44.1**	$52.4	-15.9%	$30.8	43.2%	$172.7	$110.4	56.5%

** based on calendar year, change % from the same year-to-date period of the previous. year to the year-to-date of current year.*

*** Preliminary data and subject to change.*

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